

Copy No. 1

SECRET
SECURITY INFORMATION

25X1A9a

OIR/STATE
July 25, 1952

CONTRIBUTION TO NIE-35/2: PROBABLE DEVELOPMENTS IN INDOCHINA

Political as well as military developments within the Associated States of Indochina are highlighted by events in Vietnam, especially by the course of the war against the Communist-led Viet Minh. In the political sphere, and to a lesser degree economically, French and Chinese Communist policies toward Cambodia and Laos, particularly as they affect the international posture of Indochina, will be conditioned by the situation existing in Vietnam at any particular moment. In the discussion which follows, therefore, attention has been focused on Vietnam. This concentration reflects the belief that developments in the States of Cambodia and Laos will not affect the conclusions reached, except in instances which are specifically noted.

I. THE CURRENT SITUATION IN INDOCHINA

- A. 2. What is the current political situation in Vietnam, Laos, and Cambodia, particularly those developments influencing administrative efficiency, national morale, mobilization capabilities, and relations with the French?

Vietnam. The current political situation in Vietnam reflects the governmental instability and widespread public apathy in the face of formidable problems which has characterized the non-Communist Vietnamese areas in recent years. The Government of Nguyen Van Tam, installed in June, is still in the process of reorganizing the administration, and actions to date have been limited largely to promises of constructive steps which remain to be fulfilled.

SECRET
SECURITY INFORMATION

Document No. _____
Review of this document by CIA has determined that
☒ CIA has no objection to declass
☐ It contains information of EIA
interest that must remain
classified at TS S C
Authority: NS 78-2
☐ It contains nothing of CIA interest
Date 2-18-81 Reviewer 372044

~~SECRET~~
~~SECURITY INFORMATION~~

2

Tam's program for intensifying Vietnamese contributions to the defense of Indochina, promoting agrarian reforms, preparing for creation of a National Assembly, and increasing attention to social welfare has a potential appeal to wide sections of the population who, nevertheless, seem unwilling to commit themselves to avowed support of the Government in the absence of demonstrated progress.

The new leadership may reveal greater energy and decisiveness than the former Government of Tran Van Huu, due largely to Tam's personal dynamism. Some ministries are now in more capable hands though others have been entrusted to less talented individuals who reputedly lack ability or whose previous service has been tainted by personal corruption. Appointments of subordinate officials made thus far bear out the general impression that the new Government, while about equal in ability, is no more representative of Vietnamese nationalism than its predecessor. Several outstanding Vietnamese leaders continue to abstain from participation in the Government, and a few of those now serving under Tam appear to be restless and unhappy. The dissident Cao Dai elements led by General Trinh Minh The have shown no disposition to abandon their "third force" activities, and the representation in the Government of important political groups, such as the loyal Cao Dai faction, the Dai Viet, and the Vietnam Nationalist Party (VNQDD), is nominal at best. The impact of the change in Government on national morale is difficult to estimate. The initial reaction to the sudden announcement of the replacement of Tran Van Huu with Tam was one of shock and dismay, particularly in the North. Tam must overcome a popular fear and dislike resulting from the ruthlessness he displayed as former head of the Surete. At the present time, the Government seems to have no

~~SECRET~~
~~SECURITY INFORMATION~~

~~SECRET~~
~~SECURITY INFORMATION~~

3

greater degree of public support than did its predecessor; however, if Tam is successful in his initial efforts to carry out affirmative programs and to promote reforms, it is possible that the Government will secure ever-widening support. The dominant mood at present continues to be one of detachment, born either of unconcern or of a feeling of helplessness in a situation in which the only alternatives appear to the Vietnamese to be a continuance of hated French domination or a new Communist-led despotism.

The manpower potential of the Vietnam Government is higher than the present rate of mobilization suggests. Future progress will depend largely on changes in the popular conviction that the new National Army, even under a Vietnamese Chief of Staff, is subject to French control and is, therefore, a "foreign" force. Although the French have not had great difficulty recruiting enlisted personnel, the problem of securing officer cadres continues to block the rapid expansion of the armed forces. Recent reports suggest that educated youths are more attracted to the regional pacification teams (GAMO) being established in Tonkin, presumably because their leadership and control is considered to be in Vietnamese rather than in French hands.

Official relations with the French seem to have improved since the change of Government in June. It is clear that friction between Tran Van Huu and the French, perhaps complicated by difficulties between Bao Dai and Huu, led to the fall of the third Huu cabinet. Tam has thus far had the support of the French, even though some resident officials expressed regret over the sudden nature of his appointment. As long as the French are satisfied with the programs and progress of the new Government, the prospects for close cooperation are improved. Although the political

~~SECRET~~
~~SECURITY INFORMATION~~

~~SECRET~~
~~SECURITY INFORMATION~~

4

Approved For Release 2000/08/29 : CIA-RDP79R01012A001000040006-9

situation remains unstable, there is no firm evidence to suggest that the present Government will be short-lived, or that future changes in the leadership, if they occur, will radically alter the present picture.

Cambodia. There is considerable political instability in Cambodia also. Mounting political tension marked by the defection of wartime Premier Son Ngoc Thanh and by student demonstrations in the spring of 1952 culminated in the dismissal of the Government of Huy Kanthoul in June, when King Norodom Sihanouk personally assumed direction of the Government. The King's request for a three-year mandate for personal rule was turned aside by the elected National Assembly, which declared that it lacked competence to ratify the King's action but which agreed to continue to serve him loyally. The cabinet installed by the King is composed primarily of members of his personal entourage, including several members of the royal family, and includes no outstanding political figures.

In addition to Viet Minh guerrilla activities, the Government is plagued by continuing rebellion of nationalist Issarak groups and by inability to establish complete rapport with Dap Chhuon, the virtually autonomous provincial leader of Siam Reap. Relations between Dap Chhuon and the Government are presently stalemated; Dap Chhuon demands greater assistance from the Government in the form of supplies and equipment, a condition the Government is unlikely to meet as long as the provincial forces retain their separate identity as a semi-autonomous unit.

The apparent satisfaction of the French over the King's recent action, and the presence of French troops in the streets of Phnom Penh at the time the government was disbanded, have created the popular

~~SECRET~~
~~SECURITY INFORMATION~~

Approved For Release 2000/08/29 : CIA-RDP79R01012A001000040006-9

~~SECRET~~

~~SECURITY INFORMATION~~

5

impression that the King acted in order to please the French. Although the personal popularity of the King remains high, the strong nationalist aspirations of the people prevent real enthusiasm over the new regime.

Improvement in relations with the French brought about by the King's assumption of personal rule may prove to be of short duration. The French have tended to identify all dissident elements in Cambodia as affiliated with or dominated by the Viet Minh, and have pressed the Government for more vigorous action to restore internal order. If such action is not forthcoming, relationships with the French may grow more strained. Moreover, the King's seizure of direct governing authority may produce greater sympathy with the nationalist defectors led by Son Ngoc Thanh. Thanh has been demanding complete independence for Cambodia; so far, reports of his association with the Viet Minh have not been confirmed.

Laos. Conditions in Laos are more stable than in the other two Associated States, despite continuing harassing attacks by local guerrilla units controlled by the Viet Minh. In the absence of externally caused disturbances, no significant changes are foreseen in the period covered by this estimate.

~~SECRET~~

~~SECURITY INFORMATION~~

SECRET
SECURITY INFORMATION

3

3. What is the current economic situation in Vietnam, Cambodia, and Laos as it affects national morale and mobilization potential?

Economic conditions in the Associated States are sufficiently stable and prosperous to prevent any serious adverse effect on national morale. Such dissatisfaction as does stem from economic conditions derives from problems of distribution, from the impact of military demands, and from the continuing belief that the economies of the Associated States are organized to benefit French investors rather than the local populations.

Despite a sharp decline from prewar export levels of such commodities as rice and coal, the Associated States presently enjoy a favorable balance of payments positions, as a result of French military procurement and the export of rubber and some rice and coal. The Cambodian Government's ban on exports of rice through Saigon and the continuing blockade of the Transhassac region in South Vietnam have reduced both the domestic supply of rice and the foreign exchange earnings usually derived from rice exports.

Despite the fairly favorable economic situation the financial position of the Government of Vietnam is precarious. The Government is now operating at a deficit, even with French subsidies. The absence of a published budget makes determination of its exact position impossible, and the lack of competent technicians impedes the solution of existing financial problems.

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

7

Economic conditions do not impose limitations on the current rate of mobilization, except that difficulties experienced in recruiting officer candidates and specialists such as medical personnel may be partially attributable to the economic deprivations which military service entails for educated individuals.

4. What is the current situation in Viet Minh held territory, including morale, food supply, armaments production, relations with the Chinese Communists, manpower resources, and extent and effectiveness of controls?

The Communist regime of Ho Chi Minh is currently in the process of consolidating its control over areas which include about half the population of Vietnam, and is continuing to nourish and support guerrilla groups operating in Cambodia and Laos. Although the land held by the Viet Minh is generally less productive than the rice-rich deltas of the Red River and the Mekong, the regime has organized production, transportation, and communication within and between its various zones with sufficient success to enable the Communist military forces to maintain their guerrilla-type pressure on French-Vietnamese held areas and, for limited periods, to launch coordinated offensives in division strength.

Recurrent campaigns to increase production, to "intensify support for the front," and, most recently, to eliminate waste and "bureaucratism" suggest that the regime continues to meet with serious problems of administration and organization of its war effort. There are no firm indications, however, that the economic condition of

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

8

Viet Minh zones is currently deteriorating.

Food production in areas firmly held by Communist forces is inadequate to support the population, and the shortage must be overcome by seizure of rice supplies in more productive regions. Current Viet Minh military operations seem designed primarily to facilitate accumulation of food stocks prior to the end of the summer rainy season and the return of conditions more favorable for large-scale military operations. Despite repeated exhortations to increase production, to protect harvested crops, and to combat drought and floods, there is no evidence of critical food shortages, if one takes into account the Viet Minh ability to commandeer supplies in areas nominally held by Franco-Vietnamese forces.

Arms production within the Viet Minh areas is probably still increasing. Reported claims by Communist leaders that self-sufficiency in arms production will be achieved by 1955 appear to be excessively optimistic, however, and continued dependence on China seems likely, particularly for supplies of modern weapons.

Viet Minh relations with the Chinese Communists are characterized by frequent acknowledgment of the importance of the Chinese "example" as a prototype of revolution in "colonial" lands and of Chinese "support and assistance" for the struggle in Vietnam. The "assistance" received from China is referred to only in general terms, however. Reports of disagreement within the Viet Minh leadership over an increase in

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

9

Chinese assistance are unconfirmed, but the traditional Vietnamese fear of the Chinese may well restrain the leadership from soliciting direct military intervention. The Communists undoubtedly desire to give the impression of being able to complete their revolutionary program unaided, and efforts are apparently being made to disguise the presence of Chinese instructors, advisors, and technicians who may be operating with the Viet Minh. The scant positive evidence of Chinese participation in military operations with the Viet Minh suggests the probability that their activities are confined to main centers and that their contacts with the Vietnamese are deliberately limited.

The Viet Minh may be experiencing some difficulty in replacing combat losses for the first time. Recent reports suggest that increasing numbers of teen-age youths are being taken for military service, and there are unconfirmed reports of low morale and large-scale desertions among newly formed units. So far, however, there are no indications of a significant reduction in manpower available for mobilization. In order to meet production goals efforts are apparently being made to train women to replace men who have been mobilized. The most acute shortage of civilian manpower lies in the need for skilled technicians and specialists; considerable emphasis is being put on the necessity for improving technical training, and it seems likely that China is providing training facilities for some categories of specialists.

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

It is difficult to assess the relative importance of coercion and persuasion in the control mechanisms of the Viet Minh. It seems evident, however, that controls are effective, for there have been no substantial uprisings in areas of Communist control. The existence of discontent is revealed by continuing defections, but grievances are apt to relate to specific hardships suffered, such as shortages of medical supplies, rather than to disillusionment with Viet Minh objectives. At the present time there are no indications that the Communists are losing control over the population in areas which are effectively dominated by the rebel forces. Reports of low morale among military units may reflect merely a need for rest, re-training, and re-equipment, for which the summer rainy season provides an opportunity. It will not be possible to evaluate these reports prior to the end of the rainy season, when the Viet Minh capabilities for renewed large-scale military action will probably be tested.

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

11

I. B. What is the current nature and level of Chinese Communist assistance to the Viet Minh?

Chinese Communist military assistance to the Viet Minh seems to have been given on an expanding scale. Reported shipments have contained: a wide variety of arms, including artillery, mines, and ammunition; food stuffs and clothing; fuel and some communications equipment; medical supplies; and some industrial equipment and machinery necessary to maintain arms production in the Viet Minh areas.

The Chinese are probably providing facilities and cadres for military instruction in South China, at least for specialized personnel, and some Vietnamese Communist students and technicians apparently are receiving training in Chinese institutions.

Chinese Communist support of the Viet Minh provides reassurance and increases the prospects for victory. The existence of a strong Communist state extending north from the Viet Minh areas in Tonkin provides a source of supplies and a sanctuary for training personnel and may also contribute importantly to Viet Minh morale.

Chinese assistance within Vietnam appears to be limited, at present, to technicians, political and military advisors, and perhaps some manpower used to maintain the supply routes to China. No Chinese Communist combat units have been identified in the major areas of conflict.

The current level of Chinese assistance cannot be determined quantitatively from presently available information. Tonnage figures which have been reported are irreconcilable. It seems probable, however,

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

12

that supplies actually furnished are selected because of their direct contribution to the Viet Minh military effort rather than for the purpose of sustaining the civilian population. Chinese aid is vital to the Viet Minh, chiefly because the types of material furnished fill gaps in local production capabilities.

Estimates of the number of Chinese advisors and technicians operating with the Viet Minh vary from a few thousand to 15,000. The lower estimates are more plausible. The fact that no Chinese military personnel are known to have been killed or captured (except in skirmishes with guerrilla units in the northern border region) suggests that military advisors do not operate below higher command levels. The Viet Minh capacity to utilize technical specialists and political advisors is limited, as long as current efforts to isolate Chinese from the Vietnamese population are maintained. The number of Chinese Communist agents operating within the Chinese community in Indochina, which is heavily concentrated in the South Vietnam city of Cholon and its environs, cannot be estimated.

I. C. What is the current nature and level of French support to the Associated States of Indochina?

Within Indochina, French efforts are directed toward fostering the belief that the existing governments have achieved independence within the French Union, and that future relationships will be negotiated following the restoration of peace. The recent changes of government in Vietnam and Cambodia seem to have satisfied the French, who had manifested

SECRET
SECURITY INFORMATION

1
SECRET
SECURITY INFORMATION

13

misgivings about the determination of former cabinets to struggle against the Viet Minh and the Issarak guerrillas.

Overt approval of the existing administrations may, however, have the net effect of reducing popular support for the local governments. Any government which cooperates with the French is viewed with distrust by many Vietnamese, who share the conviction that policies are formulated by, or at least submitted for approval to the French. French efforts to reinforce the existing governments may, therefore, subvert their own objectives of stimulating broader public support for the defense of Indochina.

Furthermore, French objectives are to some extent sabotaged by the persistence of rumors that the French contemplate or have actually undertaken negotiations with the Viet Minh with a view to settling the conflict on terms which would permit reducing the French commitment. Despite repeated French denials, the rumors continue to circulate in Indochina; as a result, many Vietnamese are reluctant to commit themselves irrevocably to the non-Communist side, fearing retaliation if a French withdrawal led to Communist victory.

Successive French governments have defended the need for continuing the war in Indochina before the French people and in the National Assembly. The assignment of troops needed for European defense and the voting of large military budgets to support the war represent political as well as military support for the governments of the Associated States. The new Vietnamese cabinet of Nguyen Van Tam has been welcomed by French

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

14

officials because of a belief that anti-Communist efforts would be more vigorously pursued.

Internationally, the French Government has supported the Associated States' aspirations for foreign recognition, has sanctioned the exchange of diplomatic missions with leading countries outside the Soviet bloc, and has supported their membership in international organizations. France has sponsored applications for UN membership, although there is little prospect for favorable action in the face of an expected Soviet veto.

I. D. 2. What is the current nature and level of US economic support to the French and Indochinese?

The current trend in the allocation of US assistance is away from projects which are predominantly relief operations toward greater emphasis on construction and development programs which will have a lasting impact on the national economies and the well-being of the population. In addition to supplies and equipment, the US furnishes technicians in a variety of fields, to supplement French efforts. Although US programs are compatible with stated French objectives, some projects have not been enthusiastically welcomed by the French, who sometimes give the appearance of apprehension lest US activities in the economic field result in reduction or replacement of the dominant French position in the economies of the Associated States.

In the fiscal years 1951 and 1952, US economic assistance to the Associated States amounted to \$46 million. For FY 1953, a total of \$25 million has been budgeted, in addition to \$30.6 million in military-

SECRET
SECURITY INFORMATION

support expenditures. Of the \$25 million in economic assistance, about half will be used for supplies and equipment for local industry, and the remainder for special projects. These projects will emphasize measures to increase agricultural production and public health programs, with public works (port development, highways, water supply, etc.,) having third priority.

All US projects are calculated to improve the resistance-potential of the Associated States by creating better living conditions and promoting local production as means of increasing popular readiness to support the government and its war effort.

I. D. 3. What is the current nature and level of US political support to the French and Indochinese?

Official US statements have recognized the crucial importance of Indochina in the Asian sector of the world struggle against Communism, and, as a corollary, the significance of the French contribution to the collective defense effort of the free world. The expanding scale of US military and economic assistance to Indochina is predicated on the principle that the democratic nations must support the French and the governments of the Associated States.

Early recognition of the Associated States, and the welcome extended to their representatives at the Japanese Peace Treaty Conference in San Francisco, have highlighted the diplomatic support given by the US to the established governments. Elevation of the status of the US mission to Vietnam from Legation to Embassy in June 1952 is the latest .

SECRET
SECURITY INFORMATION

16

step in the process of demonstrating support for the Associated States. The US has approached other governments to encourage their recognition of the established governments, and is currently emphasizing the importance of recognition by other Asian states which, except for Thailand and South Korea, have thus far been reluctant to acknowledge the independence and sovereignty of the Associated States. US efforts may, however, be partly responsible for the fact that no non-Communist Asian government has recognized the Ho Chi Minh regime, despite widespread feelings that the Viet Minh represents the true "nationalist" force in Indochina.

SECRET
SECURITY INFORMATION

II. FACTORS AFFECTING FUTURE DEVELOPMENTS IN INDOCHINA

A. French Capabilities and Probable Course of Action.

1. a. How will French and Indochinese will and intention to resist be affected by political economic and military developments in Western Europe and within metropolitan France and the French Union?

In spite of manifest strains on their financial resources and on their reservoir of available manpower, the French are likely to prosecute the Indochina war for the foreseeable future.

Within the metropole, irreducible political factors would appear to compel the French to pursue their current effort. The present French Government would find it politically difficult, if not impossible, to repudiate a war policy for which it has assumed full responsibility. Coalition governments which instituted a policy consistently followed since the outbreak of the Indochina war have included every political formation in the National Assembly exclusive of the Gaullists. Future non-Communist coalitions of parties bearing equal responsibility for waging the conflict could ill afford to call a halt to a war which has cost France an estimated 1,200 billion francs and 30,000 men without either a decisive military victory over the Viet Minh or a negotiated settlement which would protect remaining French interests in the area. Since the negotiated settlement would be virtually impossible prior to the military victory, no alternative to continued military action is yet in sight. A Gaullist-led Government, of course, would merely press the Indochina campaign with equal or accentuated vigor while it clamored for more US aid.

Political events on the European Continent also demand the cohesion of the French Union. The French regard the sovereign states of Viet-Nam, Laos, and Cambodia as important associates of that French Community which opposes a possible German hegemony in Western Europe. French control of North African nationalism would also be jeopardized by any further loosening of French Union ties between the metropole and Indochina. Furthermore, it is improbable that the French would withdraw from Indochina in order to bolster their defenses in Western Europe. In addition to the necessity of guarding the French Union intact in order to maintain a world power status, the absence of imminent military danger on the continent removes French compulsion to make what would be an almost intolerable decision.

Factors outside the metropole affecting French will to continue the fight include the present unreadiness of the Vietnamese national armies. Although the four divisions totaling approximately 170,000 men will be increased by six divisions by the end of 1952, insufficient trained non-commissioned officers and field grade native officers make it impossible for the French to turn over the defense of Indochina to these armies within the next several years.

Barring massive Chinese military intervention and the withdrawal of the high level of US aid to French, therefore, the French armies will carry on the fight over the period covered in this estimate.

II. A. 1. b. How will French and Indochinese will and intention to resist be affected by political and economic trends within Vietnam, Laos, and Cambodia?

In the absence of a significant shift in the military balance, French will and intention to resist are likely to be determined more by

events outside Indochina than by political and economic trends within the Associated States. The determination to preserve Indochina as an Asian bastion of the free world, frequently reiterated in official statements, is more likely to be shaken by domestic conditions in France or by Communist moves elsewhere than by predictable political and economic developments within the Associated States. Governments in Vietnam which gave tacit support to the French but which failed to achieve notable progress in domestic political reforms have been supported in the past, and the present administration appears to offer more nearly complete collaboration with French officials than its predecessor. Future changes in government would not, in themselves, result in a dilution of French will to resist.

Serious economic deterioration might affect French attitudes adversely, particularly if the interests of leading French commercial and financial enterprises, which have prospered during the war, were drastically affected. Given existing US assistance and the continuation of French military expenditures in Indochina -- which have been made at a steadily expanding rate -- there is little prospect of economic collapse, despite a precarious internal financial position and the absence of prospects for rapid economic development.

The continuing restrictions on rice marketing and exports represent the most serious element in the present situation. If the embargo is retained through the year, it will produce an important drain on normal foreign exchange earnings, requiring as a consequence a compensatory

increase in French subsidies or further resort to deficit financing.

Because of internal trade barriers, the maintenance of the export ban has not yet had the desired effect of inducing domestic price reductions.

Vietnamese will and intention to resist seems unlikely to be significantly increased by any developments now in prospect. The government of Nguyen Van Tam has demonstrated greater energy than its predecessor in presenting a reform program. It remains to be seen whether political and economic reforms will actually be implemented in such a way as to create the conviction among Vietnamese nationalists that the government is truly representative and truly independent. The announced intention to form an appointed Provisional National Council to advise the cabinet on matters submitted to it for discussion has been declared a preliminary step toward formation of an elected National Assembly, a project long discussed but one on which no significant progress has been made to date. Even if the plan comes to fruition within the period of this estimate, it is uncertain whether the Assembly will be endowed with legislative powers sufficient to attract the participation of leading nationalist political figures who have consistently abstained from participation in successive Vietnamese cabinets.

In the economic field, Tam has promised agrarian reforms, and a new labor code has recently been promulgated by decree of Bao Dai. Agrarian problems, most pressing in the South, concern establishing the rights of small farmers to land which they have occupied in the absence of larger landowners who fled to the greater security of the cities, recompensing former owners either by government grant or establishment

of procedures for gradual payment by new owners, and drastically reducing land rents in some areas -- all of which will require direct government intervention. In the absence of a published budget, long awaited but still apparently unavailable, it is impossible to judge whether the government has resources adequate to finance these programs. The government's ability to supplement its resources by increased tax revenue is questionable, on the basis of a poor record in the past.

Hatred for the remnants of French colonial rule is the basic conditioner of relations between French and Vietnamese. This manifestation of widespread nationalist aspirations seems to be the dominant political attitude in Vietnam. Repeated French assurances of the existing independence of the Associated States within the French Union have not satisfied most Vietnamese that, in the absence of the Communist military threat, the French would permit establishment of the conditions necessary for complete independence. While many Vietnamese leaders accept the necessity for French protection from the threat of the Viet Minh supported by Communist China, it has thus far proved impossible to secure the whole-hearted support of the Vietnamese population for measures required to intensify local contributions to the joint military effort.

The presence of the French -- a constant irritant to Vietnamese nationalists -- balanced against an uncertain future, prevents complete collaboration with the present administration. Although there is an increasing Vietnamese awareness of the menace of Communism, Ho Chi Minh is still regarded by many as a nationalist first and a Communist second, and the existence of the Communist "Democratic Republic of Vietnam" as a

visible alternative to the present situation contributes to the prevailing spirit of "attentisme."

Present political instability -- marked by competition among the small elite for directive authority and by apathy or disgust by the mass -- seems likely to continue during the coming year. The reluctance of many potential leaders to support the present regime actively deprives the government of badly needed administrative talent.

The economic situation seems unlikely to deteriorate sufficiently to produce drastic effects on Vietnamese intention and will to resist. It is possible, however, that there may be increasing hardships and accompanying disaffection, if the present trend toward inflation and financial instability should be intensified or ignored. The long-term consequences of the present rice-blockade may be expected to increase the resentment of producers, who are not receiving the benefits of current high prices, and of consumers, who are paying the bill for the high profits of speculators and middlemen. There is little internal stimulus for increased national productivity since French enterprises at present tend to withdraw earnings rather than to reinvest in Indochina and much of the capital accumulated by wealthy Vietnamese remains unused for productive purposes. If the current military impasse should be protracted, discontent may increase among those who are hit hardest by existing inflationary pressures, since the government shows no signs of ability or determination to adopt the firm measures necessary to reduce the gap between available goods and currency in circulation.

Cambodian will to resist the incursions of Communist-directed rebel bands seems unlikely to increase in the foreseeable future, unless political changes restore the prestigious Democratic Party to its leading role in the government. On the other hand, there is no conclusive evidence of potential deterioration, despite the mounting agitation of Son Ngoc Thanh and his followers. It is reported that Thanh, who is considered a nationalist hero, is seeking outside assistance for his campaign for independence. If the government fails to take affirmative action against Thanh, relations with France will be strained; yet an attempt to suppress Thanh's activities might well give the movement greater prestige.

Except for the qualifications noted in the preceding paragraph, conditions in Cambodia and Laos are most likely to be affected by developments in Vietnam or elsewhere in Southeast Asia, rather than by factors inherent in the existing political and economic situation in these less developed States.

~~SECRET~~
SECURITY INFORMATION

24

II A 1 c How will French and Indochinese will and intention to resist be affected by possible tripartite warnings to the CC to keep their troops out of Indochina?

Preventing overt Chinese Communist intervention in the Indochina war is a basic French objective. Extreme sensitivity to any step which might be viewed as provocative is reflected in the great concern shown over the problem of repatriation of Chinese Nationalist internees now in North Vietnam and in French reluctance to admit, until recently, that Chinese Communist advisors and technicians were assisting the Viet Minh. French attitudes toward the desirability of a tripartite warning would be heavily influenced by these considerations. If the step were not considered dangerously provocative, it is probable that issuance of a joint warning would enhance French will to resist, by indicating more positively a US commitment to participate in defense of the peninsula.

A tripartite declaration, provided the terms of the warning were sufficiently precise to indicate US intentions to support the warning with action if necessary, could gain the support of non-Communist Vietnamese. There are, however, modifying factors. Some Vietnamese leaders appear to feel that current US policy plays into the hands of the French, by contributing to the preservation of "imperial" control. And there are fears of antagonizing the Chinese Communists, thus propelling them to more direct intervention in Indochina. Should a tripartite declaration indicate a multilateral guarantee of independence, non-Communist Vietnamese support would be assured. However, issuance

~~SECRET~~
SECURITY INFORMATION

~~SECRET~~
SECURITY INFORMATION

25

of a warning without such a guarantee would be unlikely to affect current Vietnamese attitudes toward resistance in any fundamental way.

II A 1 d How will French and Indochinese will and intention to resist be affected by changes in the level of US economic and military assistance and in the nature of the US commitment for the defense of Indochina?

Both the French and Vietnamese could be expected to welcome any increase in the level of US military assistance. The Vietnamese seem to be more interested in economic assistance than the French, who sometimes give the appearance of tolerating economic aid programs chiefly because they are judged to be a necessary concomitant of badly needed military assistance.

The French have consistently advocated procedures which will permit allocation of military supplies by the French command. However, the positive impact of US aid on Vietnamese will and intention to resist depends largely on the strength of their impression that US assistance is being used to develop indigenous forces rather than to strengthen the French military position. The French have recently shown greater willingness to publicize US aid, and there is some prospect that increasing numbers of Vietnamese will become aware of the nature and scope of US support for their struggle.

Extension of a unilateral US commitment for the defense of Indochina would have much the same effect as a tripartite declaration. The Vietnamese would undoubtedly approve the assignment of US military specialists for purposes of training and technical instruction.

~~SECRET~~
SECURITY INFORMATION

~~SECRET~~
~~SECURITY INFORMATION~~

II A 1 e How will French and Indochinese will and intention to resist be affected by a cease-fire in Korea?

A cease-fire in Korea would be apt to create some initial apprehension among both French and Vietnamese lest the Chinese Communists, freed from their commitment in the North, turn their attention southward and step up their direct support of the Viet Minh effort. There would also be some wishful thinking that a settlement in Korea indicated the possibility of a peaceful solution in Indochina. Both these reactions could be exploited by Chinese Communist and Viet Minh propagandists.

II A 1 f How will French and Indochinese will and intention to resist be affected by an expansion of the Korean war?

The French probably believe that the threat of direct Chinese Communist intervention in Indochina can best be reduced by continuation of the stalemate in Korea. While there might be some initial relief that peace had not been concluded and that, consequently, an immediate southward Chinese thrust was less likely, it is probable that local opinion would react unfavorably to intensification of the Korean war. An extension which involved attacks on the Chinese mainland would be viewed as the beginning of a general Asian war, and there would be fears of a sudden Chinese effort to consolidate the southern front by aiding a Viet Minh effort to seize complete control of Tonkin. The French, in addition, would probably fear a reduction in US aid as a result of greater concentration on the north Asian theater, which would affect adversely both the war in Indochina and French preparations for defense in Europe.

~~SECRET~~
~~SECURITY INFORMATION~~

~~SECRET~~
SECURITY INFORMATION

27

II A 1 g How will French and Indochinese will and intention to resist be affected by political, military, and economic developments elsewhere in Southeast Asia?

Direct Communist aggression elsewhere in Southeast Asia would have a most serious impact on attitudes in Indochina. If Communist control of Burma or Thailand appeared imminent, the French position in Indochina might be rendered untenable, with immediate adverse effects on French and Vietnamese will to resist. The first signs of retrenchment would be apt to cause a sudden eruption of pro-Viet Minh sentiment and activity.

Other developments in Southeast Asia are likely to have little impact on the course of the struggle in Indochina. Increased recognition of the Associated States by other Asian governments would certainly be welcomed, but such a trend would not in itself contribute to solution of the Indochina war -- the criterion against which all events are apt to be judged.

II A 2 b What trends in French-Indochinese capabilities to resist or reduce Viet Minh-Chinese pressure are probable, in political strength, stability, and national morale in the Associated States?

Greater political support for the struggle against Communism could be expected to result if concrete measures were taken to broaden the base of the Vietnamese government and to demonstrate its sincerity in promoting Vietnamese nationalist objectives. Measures by the French to persuade the Vietnamese public of the genuineness of Letourneau's recent Washington statement that the Associated States will be free to

~~SECRET~~
SECURITY INFORMATION

~~SECRET~~
SECURITY INFORMATION

28

remain in or to leave the French Union, following the end of hostilities, would be the most effective way of increasing the political potentialities of the present government.

For the period of this estimate, it appears likely that political fragmentation, public apathy or resentment, and incomplete collaboration with the government and with the French will continue to form the dominant pattern in Vietnam.

II B 2 (See II B 4 e below)

II B 3 b How will Viet Minh courses of action be affected by the economic and political situation within their area of control?

The present situation in Viet Minh areas is characterized, by the Communists, as a period of preparation for the long-promised "general counteroffensive." Efforts are being made to marshal economic and manpower resources, to perfect organization, and to consolidate control over territory and population. The leadership looks forward to a time when (1) intensified military operations will be possible to wrest additional territory from French control, or (2) war-weariness, political disintegration, and the impact of Communist propaganda will sap the will to resist of Franco-Vietnamese forces and the civilian population.

The constant agitation for increased production efforts would seem to indicate that some economic difficulties are being encountered, and it seems clear that the civilian sector of the economy is being squeezed to maintain necessary support for the Viet Minh military effort.

~~SECRET~~
SECURITY INFORMATION

~~SECRET~~
SECURITY INFORMATION

29

If the situation becomes progressively tighter, either of two courses of action is possible:

1. The Viet Minh command might be led to undertake more desperate, perhaps ill-advised, military operations in a final effort to seize control of more productive regions in the great river deltas. Desperation moves might give the French increased opportunity to destroy major Communist forces, if the Viet Minh deviates from the present policy of caution, which has meant avoiding large-scale engagements whenever the outcome seems uncertain.
2. The Communist leadership might resort to appeals for greater and more direct Chinese Communist assistance, perhaps including troops as well as augmented supplies. Such a step would require overcoming what seems to be the present reluctance to accept aid in forms which will make the Chinese role obvious to the Vietnamese people.

Presently available evidence does not suggest a degree of deterioration sufficient to cause the Viet Minh to choose as a course of action a final desperate effort to seize the productive delta region, reversion to strictly guerrilla warfare, or an appeal for overt Chinese Communist intervention. Rather, continuation of the present tactics of combined open and guerrilla warfare is indicated.

The political situation in Viet Minh areas is unlikely to deteriorate in the absence of a severe military setback or of the

~~SECRET~~
SECURITY INFORMATION

~~SECRET~~
~~SECURITY INFORMATION~~

30

development of economic difficulties much more severe than now seems probable. Meanwhile, the Viet Minh continues the extensive process of education and indoctrination, designed to inculcate general acceptance of Communist goals and of the hardships which are necessary for their achievement. That this campaign is being conducted with diligence and considerable skill is evident from the scattered testimony of former prisoners of war and of occasional defectors.

There are no indications that potential disputes within the leadership between "nationalist" and "Stalinist" Communists or the problem of succession will break the monolithic front presented by the Party leadership in the near future.

~~SECRET~~
~~SECURITY INFORMATION~~

SECRET
SECURITY INFORMATION

II. B. 3. e. How will Viet Minh course of action be affected by political, economic, and military developments elsewhere in Southeast Asia?

Predictable developments elsewhere in Southeast Asia seem unlikely to affect Viet Minh courses of action, except for the possibility of overt Chinese Communist aggression. The extension of Communist control to other parts of Southeast Asia would give a tremendous boost to Viet Minh morale, and it is possible that the military campaign would be suddenly intensified to take advantage of the expected French retrenchment. The Viet Minh appears interested at present in expanding its activities in Cambodia and Laos, and this trend would undoubtedly be stepped up if there were prospects of consolidating Communist control of the Southeast Asian mainland.

It now seems unlikely that the Viet Minh will receive greater support from other Southeast Asian states, since the Stalinist orientation of the Viet Minh has become more obvious to them. On the other hand, even if greater recognition were accorded to the governments of the Associated States, it is unlikely that Viet Minh actions or morale would be directly affected. Most of the independent governments have already been stigmatized in Viet Minh propaganda as "tools" of the Western "imperialists." As long as the situation in Indochina remains basically unchanged, economic developments elsewhere in Southeast Asia will have no impact on Viet Minh courses of action.

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

32

II B-4. HOW WILL CHINESE AND WORLD COMMUNIST COURSES OF ACTION IN INDOCHINA BE INFLUENCED BY THE FOLLOWING:

a. Overall Communist Interests and Policies in the Far East:1. Importance of Indochina to Communist Policies in Asia.

(a) Potential importance. Indochina is of potential importance to the Communist bloc and particularly to Communist China, because in Communist hands it would become (1) a potential stepping stone to further Communist conquests in South east Asia; (2) a major prestige factor for the Kremlin and Peiping--the conquest of Indochina would seriously weaken the determination of Thailand, Burma, and other areas to resist Communist aggression; (3) an important "buffer" area, preventing the "encirclement" of south China by non-Communist states and safeguarding other possible Communist conquests in Southeast Asia; and (4) an important source for rice, rubber, coal, and other products.

(b) Present Importance. Within the time context of the present estimate, however, the Communist leadership will probably consider not the long-range importance of Indochina, but the present importance of the areas now under DRV control, and in particular the fact that (1) the existence of the DRV armed forces has compelled France to maintain a considerable military investment in Indochina, seriously reducing French capabilities for contributions to NATO and the Korean war; (2) the DRV, as the only Communist regime in southeast Asia recognized by the Communist states, represents a considerable prestige investment in Asia which has so far prevented the Associated States from assuming full international status in the eyes of many "neutralists" or pro-Communists; (3) the DRV, while not constituting a firm "buffer" for south

SECRET
SECURITY INFORMATION

China, has helped to prevent the establishment of stable non-Communist forces on China's border.

(c) Importance in Case of World War. A further Communist consideration is the importance of Indochina to the Communist bloc in case of a general or world war. It is probable that under these circumstances, Indochina's relative importance would be less than at present, unless a determined drive into Southeast Asia is dictated by the Soviet need for raw materials. If it should become necessary for the Communists to retrench their power in the Far East during a general war, Southeast Asia would probably be surrendered ahead of other areas, not only because of its remote location from the center of Communist military and economic strength, but also because of the fact that not only Southeast Asia but also the southern part of China is of comparatively little military and economic importance to the Soviet bloc. It is probable that in the event of a world war, Communist strength in the Far East would be concentrated in Korea, Manchuria, and north China and that the main Far Eastern offensive effort would probably be directed against Japan. Furthermore, there are indications that if an invasion of the Chinese mainland seriously threatened Communist control, Peiping would withdraw its strength to north and northeast China and would not attempt to make a firm stand in the south, thus further reducing the strategic importance of Indochina in case of war.

2. Indochina and overall World Communist Policies in Asia

Since Indochina seems to have no overwhelming security importance to the Communist bloc, it is probable that Communist policies toward Indochina will be determined not only by their bearing on the ultimate Communist objective of seizing power in Indochina, but also by their estimated effect

SECRET
SECURITY INFORMATION

34

on Communist policies and objectives elsewhere. This would be true particularly so long as there appears to be no danger that the Sino-Vietnamese border may fall under a strong and stable anti-Communist regime.

Communist policies toward Indochina will depend therefore to a large extent upon the degree to which the Communist leadership regards present policies as successful in maintaining a viable Communist base in Indochina, the degree to which the Communist leadership will hope to exploit "neutralist" sentiment in Asia and elsewhere, the degree to which it will attempt to exacerbate existing differences in Far Eastern policy among the US, UK, and France, and upon the Communist estimate of the risks of general war. The world and Chinese Communist leaders could decide on a policy of peace in Indochina, they could continue their present policy of supporting the DRV military operations and of building up the DRV military potential through Chinese material aid and advice, or they could shift to a policy calculated to achieve a dramatic victory in Indochina through the intervention of Chinese "volunteers." In view, however, of the strategic and prestige importance to the Communists of the present DRV position, it is unlikely that the Communist leadership would decide on a serious peace policy not conditional upon acceptance of Communist terms. Similarly, in view of the estimated probability that the Kremlin does not desire to launch a general Asian or world war during the period of this estimate, it is unlikely that the Communist leaders would decide on full-scale Chinese intervention if it believed such a policy to entail a severe danger of world war, particularly since Indochina may play only a minor role in Communist plans for a possible war.

SECRET
SECURITY INFORMATION

II. B. 4. b. An increase in relative French-Indochinese Capabilities

A principal unknown in world Communist policy toward Indochina is the importance to the Communist leadership of the territory controlled by the DRV as a "buffer" for south China. However, as indicated above, the continued existence of a minimal Communist base in Indochina is probably of great importance to the Communists for both strategic and prestige reasons. An increase in the relative strength and effectiveness of French-Indochinese forces that seriously threatened the DRV's continued existence would therefore call for a reexamination of Communist policies toward Indochina, which might lead to a greater willingness to accept increased risks of general war. However, an improvement in French-Vietnamese prospects sufficient to seriously threaten the survival of the DRV is unlikely within the present time-context.

c. An increase in the relative strength and effectiveness of the Viet Minh

A substantial improvement in the DRV military potential, whether caused by Chinese aid or by a reduction in French-Vietnamese capabilities, would probably be interpreted by the Communist leadership as proof of the probable success of their present strategy. It would be unlikely, under such circumstances, that the Communists should shift to the more dangerous and costly policy of increasing the degree of Chinese Communist intervention,

d. A tripartite warning to keep their troops out of Indochina

It is probable that in any Communist decision to increase Chinese Communist participation in the Indochinese fighting, the danger of retaliatory action against China itself and the consequently increased risk of general war will be paramount factors. Western developments during the past year have probably created an awareness among the Communist leaders of

SECRET

36

Approved For Release 2000/08/29 : CIA-RDP79R01012A001000040006-9 SECURITY INFORMATION

the danger that the west may react with vigor and determination to Chinese aggression in Indochina. However, other developments, particularly the domestic political situation in France, the US, the Great Britain, may have tempered this realization somewhat. Insofar as a tripartite warning serves to create a greater awareness among the Communist leaders of the dangers of intervention in Indochina, it would serve as a deterrent to further aggression, unless other developments should convince the Communists that expanded war and military action against China are inevitable in any case.

e. Changes in the Korean war

Developments in Korea will affect Communist policy toward Indochina, not only insofar as Indochina and Korea may compete for materiel and troops (see IIR2 above -- Defense primary--) but particularly since the two theaters are important aspects of Asian Communist policy. It does not seem likely that the strategic importance of Indochina is great enough to lead the Communists into precipitating a general war in order to conquer Indochina, but it is possible that an extension or threatened extension of the war in Korea may lead the Communists into attempting to create a diversionary attack in Indochina. Conversely, if the Korean war ends in a cease-fire and the Communists desire continued hostilities, they may shift their effort at military expansion to Southeast Asia. However, it should be noted that increased Chinese Communist intervention would increase the risk of regional, if not global, war and would therefore appear to undercut the estimated Communist policy in Korea of attempting to confine and possibly end the Korean war.

f. Other Contingencies

The release of Nationalist internees in Indochina would probably not be considered by the Communists as materially affecting the strategic balance

SECRET

SECURITY INFORMATION

Approved For Release 2000/08/29 : CIA-RDP79R01012A001000040006-9

SECRET
SECURITY INFORMATION

in Southeast Asia, and would probably not be sufficient reason for increased Chinese Communist intervention, although it could be utilized as a pretext if such intervention is decided upon for other reasons.

Combat operations by KMT troops in Southeast Asia or against China itself would raise a more difficult problem for the Communists. If operations against Communist China were based on Indochina, the possibility of increased Chinese intervention would be increased. Operations against Communist China based on Formosa or Southeast Asian areas other than Indochina, would probably affect Chinese Communist policies toward Indochina only if the operations were of a scale sufficient to lead Peiping or the Kremlin to conclude that the likelihood of a general Asian war had increased greatly. In that case, the problem that arises would be whether increased operations by Communist China in Indochina would be of sufficient military value to warrant the risks and costs involved, or whether renewed full-scale operations in Korea or a direct assault on Taiwan would not be militarily more rewarding.

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

6. What trends are likely in Viet Minh-Chinese Communist relations?

Relations between the DRV and Communist China are an expression not only of Communist China's interest in the DRV's continued existence and expansion, but also of Communist China's prominent role in the Asian Communist movement and of its seeming status as a "junior partner" of the USSR in the world Communist bloc. The DRV seems to regard Communist China not only as a source of materiel and technical assistance, but also as the interpreter of Communist policy and methods and as a model to be followed in revolutionary practice. At the same time the DRV leadership is careful to make its obeisances to Moscow as the ultimate source of revolutionary theory and as the leader of the world "peace" camp.

The present trend in Viet Minh-Chinese Communist relations will probably continue. From the Viet Minh side, this process will involve continuing, but gradual, efforts to overcome through "education" and propaganda the historic Vietnamese animosity toward the Chinese, to create confidence in Chinese leadership, and to foster recognition of the "important aid" being rendered by the "elder brother" to the North.

Communist China will probably continue to provide increasing assistance in the form of supplies and equipment to counterbalance stepped-up US aid to the Franco-Vietnamese forces. The system of supplying technical, military, and political advisors to the Viet Minh will likewise probably be continued. The commitment of Chinese ground

SECRET
SECURITY INFORMATION

SECRET
SECURITY INFORMATION

39

or air forces will remain unlikely as long as the Viet Minh is able to maintain approximately its present position.

There are no indications that friction between the Chinese and Viet Minh leadership is likely to develop in the period covered by this estimate or in the absence of a complete Communist victory in Indochina. Total victory -- involving the extension of Communist control throughout Indochina -- remains the ultimate Viet Minh goal, but both the Chinese Communists and the Viet Minh leadership probably prefer, for different reasons, to minimize direct Chinese participation, if possible.

SECRET
SECURITY INFORMATION